

FISCAL NOTE

HB 391 - SB 894

March 23, 2007

SUMMARY OF BILL: Requires a person to show evidence of compliance with the Financial Responsibility Law in order to register a motor vehicle in this state.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$400,000 Recurring
\$200,000 One-Time**
Increase State Revenues - Net Impact - Exceeds \$8,000,000
Decrease Local Govt. Revenues – Exceeds \$10,000,000
Increase Local Govt. Expenditures – Exceeds \$100,000*

Assumptions:

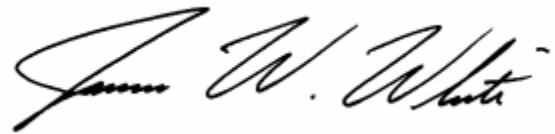
- A recurring and one-time increase in state expenditures for 10 positions and related operational expenses to handle notifications, reinstatements, phone inquiries and other administrative tasks.
- A one-time increase in state expenditures for computer system changes.
- At least 10% of the approximately 4,900,000 registered motor vehicles are driven by uninsured motorists and approximately 75% of these will not be able to maintain their registrations resulting in a decrease in state revenues from motor vehicle registration fees of approximately \$7,900,000.
- An increase in state revenues of approximately \$13,200,000 from the collection of reinstatement fees.
- An increase in state revenues exceeding \$3,000,000 from insurance premium taxes paid as more than 490,000 motorists that currently do not have motor vehicle insurance obtain such insurance to maintain their registrations.
- An increase in local government expenditures estimated to exceed \$100,000 statewide for the cost to county clerks to process registrations with proof of financial responsibility, mail back registrations not properly submitted, verification of financial responsibility, and a possible increase in in-person registrations.
- A decrease in local government revenues from registrations and renewals and wheel taxes lost when individuals are not eligible to

register or renew their vehicles. This decrease is estimated to exceed \$10,000,000 statewide.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized initial "J".

James W. White, Executive Director